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## Agenda Item 5e

November 15, 2011

### TO: MEMBERS OF THE FINANCE COMMITTEE

- I. **SUBJECT:** Fiscal Year (FY) 2010-11 Fourth Quarter  
Delinquency Report
- II. **PROGRAM:** Systemwide
- III. **RECOMMENDATION:** Information Only

### IV. ANALYSIS:

An enhanced system to track long-term receivables was built as part of the Financial System Integration into the Pension System Resumption Project. To ensure adequate tracking of delinquencies, staff developed an interim process which coordinates the tracking of all delinquencies from the CalPERS program areas. Delinquencies are defined as those receivables which are past due over 30 days from the date at which the originating program identifies them as due.

This agenda item represents the FY 2010-11 Fourth Quarter Delinquency Report. CalPERS has now established procedures to improve accountability, identify issues which require escalation, produce detailed reports, and taken a proactive approach to addressing delinquencies.

The chart on the following page provides a detailed summary of delinquencies identified by programs and the age of the delinquency for the fourth quarter of FY 2010-11.

Delinquencies are categorized into four main areas: Health, Employer, Member, and Other. The age of delinquency categories are consistent with industry best practices.

FY 2010-11 Fourth Quarter Delinquencies					
Age of Delinquency	Health <sup>1</sup>	Employer <sup>2</sup>	Member <sup>3</sup>	Other <sup>4</sup>	Totals
31-60 Days	\$486,069	\$110,460	\$54,932	\$0	\$651,461
61-90 Days	12,715	118,449	0	1,133	132,297
91-120 Days	13,545	5,338	39,721	19	58,623
121 Days-1 Year	38,208	369,124	320,180	10,218	737,730
1-3 Years	47,798	90,549	336,227	3,105	477,679
3-5 Years	31,673	2,429	0	0	34,102
> 5 Years	12,469	0	8,045	0	20,514
Totals	\$642,477	\$696,349	\$759,105	\$14,475	\$2,112,406

Divisions Responsible for Collection:

1- Fiscal Services Division, Customer Account Services-Health, Customer Account Services-Members

2- Fiscal Services Division, Customer Account Services-Member

3- Fiscal Services Division, Benefit Services Division, Customer Account Services-Members

4- Fiscal Services Division

Divisions responsible for collection by age of delinquency is shown in Attachment A.

Below is a brief summary outlining significant attributes related to the Fourth Quarter Delinquency Report for FY 2010-11.

- Outstanding delinquencies have decreased by approximately \$335,220 or 13.70 percent since the last quarterly report.
- Delinquent Health receivables total \$642,477 or 30.41 percent of the total delinquencies being reported and have increased by 39.79 percent since the last quarterly report.
- Delinquent Employer receivables total \$696,349 or 32.96 percent of the total delinquencies being reported and have decreased by 45.35 percent since the last quarterly report.
- Delinquent Member receivables total \$759,105 or 35.94 percent of the total delinquencies being reported and have increased by 12.35 percent since the last quarterly report.
- Delinquent Other receivables total \$14,475 or 0.69 percent of the total delinquencies being reported and decreased by 62.09 percent since the last quarterly report.

The chart on the following page has been prepared to provide a comparison between the delinquency totals from this quarter with those provided in the previous report.

Comparison of Delinquencies by Quarter					
	Health	Employer	Member	Other	Totals
FY 2010-11 Third Quarter	\$459,606	\$1,274,145	\$675,690	\$38,185	\$2,447,626
FY 2010-11 Fourth Quarter	\$642,477	\$696,349	\$759,105	\$14,475	\$2,112,406
Change (\$)	\$182,871	\$(577,796)	\$83,415	\$(23,710)	\$(335,220)
Change (%)	39.79%	(45.35)%	12.35%	(62.09)%	(13.70)%

( ) denotes a negative value

It is important to note that CalPERS collects approximately \$985 million in receivables monthly. The current outstanding delinquencies represent less than 0.3 percent of the monthly collections.

#### V. STRATEGIC PLAN:

This item is not a specific product of the Strategic or Annual Plans but is part of Fiscal Services Division's Accounting Action Plan's overall effort to improve financial integrity.

#### VI. RESULTS/COSTS:

Not Applicable

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